



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

| APPLICATION NO. | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO. | CONFIRMATION NO. |
|--|-------------|----------------------|---------------------|------------------|
| 09/863,148 | 05/22/2001 | John A.C. Woodley | 6208-21 | 1065 |
| 27383 | 7590 | 03/13/2006 | EXAMINER | |
| CLIFFORD CHANCE US LLP 31 WEST 52ND STREET NEW YORK, NY 10019-6131 | | | GRAHAM, CLEMENT B | |
| | | | ART UNIT | PAPER NUMBER |
| | | | 3628 | |

DATE MAILED: 03/13/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

DETAILED ACTION

Claim Rejections - 35 USC § 103

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

2. Claims 1-55, are rejected under 35 U.S.C. 103(a) as being unpatentable Mosler et al (Hereinafter Mosler U.S Patent 6, 304, 858 in view of Frankel U.S Patent NO: 6, 070, 151.

As per claim 1, Mosler discloses a method by which an entity manages an exposure to an economic risk associated with a commodity, comprising the steps of forming a model portfolio of said exposure, said model representing cash flows; forming a hedging portfolio for said exposure, said hedging portfolio representing cash flows, periodically combining said cash flows of said model portfolio and said hedging portfolio (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

Mosler fail to explicitly teach providing a payout based on said combined cash flows.

However Frankel discloses these and other objectives of the invention are met by providing a system for creating and managing securities that evaluates the cash flows of underlying securities collateralized by mortgage obligations (the "collateral") that are to be restructured into new securities. The underlying securities to be restructured can be either mortgage securities that qualify as collateral for a CMO/REMIC or securities that were issued by an existing CMO/REMIC. The system determines the cash flows based on the Original Term of the underlying securities, as well as the Remaining Term and Loan Age, Gross Coupon, Net Coupon, Settlement Date, Issue Date, Payment Dates, Present Value, and various other mortgage loan characteristics. (see column 3 lines 41-53).

Therefore it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Mosler to include providing a payout based on said combined cash flows taught by Frankel in order to manage securities that are collateralized by mortgage obligations.

As per claim 2, Mosler discloses , wherein the step of forming a model portfolio includes the step of forming a model portfolio of said exposure with actual contracts. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 3, Mosler discloses wherein the step of forming a model portfolio includes the step of forming a model portfolio of said exposure with proxy contracts. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 4, Mosler discloses wherein the step of forming a model portfolio includes the step of forming a model portfolio of said exposure with actual contracts and proxy contracts. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 5, Mosler discloses wherein the step of forming a hedging portfolio includes the steps of receiving at least one hedging transaction executed by said entity; modeling said at least one hedging transaction. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 6, Mosler discloses wherein said step of forming a model portfolio comprises the step of having an institution record said exposure; and wherein the step of forming a hedging portfolio includes the step of: having said institution execute at least one hedging transaction. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 7, Mosler discloses wherein said step of recording includes the step of executing at least one transaction between said entity and said institution. (see

Art Unit: 3628

column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 8, Mosler discloses wherein said at least one transaction includes an actual transaction. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 9, Mosler discloses wherein said at least one transaction includes a proxy transaction. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 10, Mosler discloses further comprising the step of exchanging said combined cash flows between said entity and said institution. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 11, Mosler discloses wherein the step of exchanging said combined cash flows includes the steps of paying to said entity positive combined cash flows; and receiving from said entity negative combined cash flows. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 12, Mosler discloses wherein the step of exchanging said combined cash flows includes the step of having said institution retain any loss of cash flows resulting from a default. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 13, Mosler discloses wherein the step of exchanging said combined cash flows includes the step of having said institution retain at least a portion of any pooling profits. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 14, Mosler discloses further comprising the step of receiving a benchmark from said entity, said benchmark representing cash flows; and wherein the step of providing a payout based on said combined cash flows includes the step of

Art Unit: 3628

providing a payout based on a difference between said combined cash flows and said benchmark cash flows. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 15, Mosler discloses wherein said step of providing a payout based on a difference between said combined cash flows and said benchmark cash flows includes the steps of providing a payment to said entity if said combined cash flows is less than said benchmark cash flows, and receiving a payment from said entity if said combined cash flows is greater than said benchmark cash flows. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 16, Mosler discloses wherein said payment is a percentage of said difference between said combined cash flows and said benchmark cash flows. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 17, Mosler discloses wherein said payment is provided if said difference between said combined cash flows and said benchmark cash flows is within a band. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 18, Mosler discloses wherein said payment is provided if said difference between said combined cash flows and said benchmark cash flows is outside a band. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 19, Mosler discloses wherein said model portfolio is periodically updated. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 20, Mosler discloses wherein said hedge is periodically updated. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 21, Mosler discloses wherein said cash flows of said model portfolio and said hedging portfolio are combined daily. (see column 7 lines 23-51 and column 8

lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 22, Mosler discloses wherein said commodity is electricity. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 23, Mosler discloses wherein said commodity is selected from the group including natural gas, copper, zinc, interest rates, oil products, bandwidth and foreign exchange. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 24, Mosler discloses a system by which an entity manages a portfolio of exposures to an economic risk associated with a commodity, comprising: a portfolio modeling engine, said portfolio modeling engine receiving said portfolio of exposures from said entity and forming a model portfolio representing cash flows (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65) a hedging modeling engine for receiving at least one hedging transaction, said hedging modeling engine forming a hedging portfolio representing cash flows based on said at least one hedging transaction and said model portfolio, a tracking portfolio generator, said tracking portfolio generator receiving said model portfolio and said hedging portfolio and combining said cash flows of said model portfolio and said hedging portfolio (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

Mosler fail to explicitly teach a payout manager, said payout manager providing a payout based on said combined cash flows.

However Frankel discloses these and other objectives of the invention are met by providing a system for creating and managing securities that evaluates the cash flows of underlying securities collateralized by mortgage obligations (the "collateral") that are to be restructured into new securities. The underlying securities to be restructured can be either mortgage securities that qualify as collateral for a CMO/REMIC or securities that were issued by an existing CMO/REMIC. The system determines the cash flows based

on the Original Term of the underlying securities, as well as the Remaining Term and Loan Age, Gross Coupon, Net Coupon, Settlement Date, Issue Date, Payment Dates, Present Value, and various other mortgage loan characteristics. (see column 3 lines 41-53).

Therefore it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Mosler to include a payout manager, said payout manager providing a payout based on said combined cash flows taught by Frankel in order to manage securities that are collateralized by mortgage obligations.

As per claim 25, Mosler discloses wherein said model is formed with actual contracts. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 26, Mosler discloses wherein said model is formed with proxy contracts. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 27, Mosler discloses wherein said model is formed with actual contracts and proxy contracts. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 28, Mosler discloses wherein said hedging modeling engine forms said hedging portfolio by receiving at least one hedging transaction executed by said entity and modeling said at least one hedging transaction. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 29, Mosler discloses wherein a benchmark is received from said entity, said benchmark representing cash flows and wherein said payout is based on a difference between said combined cash flows and said benchmark cash flows. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 30, Mosler discloses wherein said payout is a payment to said entity if said combined cash flows is less than said benchmark cash flows and said payout is a

Art Unit: 3628

payment from said entity if said combined cash flows is greater than said benchmark cash flows. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 31, Mosler discloses wherein said payment is a percentage of said difference between said combined cash flows and said benchmark cash flows. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 32, Mosler discloses wherein said payment is provided if said difference between said combined cash flows and said benchmark cash flows is within a band. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 33, Mosler discloses wherein said payment is provided if said difference between said combined cash flows and said benchmark cash flows is outside a band. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 34, Mosler discloses wherein said model portfolio is periodically updated. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 35, Mosler discloses wherein said hedging portfolio is periodically updated. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 36, Mosler discloses wherein said cash flows of said model and said hedge are combined daily. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 37, Mosler discloses wherein said commodity is electricity. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 38, Mosler discloses wherein said commodity is selected from the group including natural gas, copper, zinc, interest rates, oil products, bandwidth and

Art Unit: 3628

foreign exchange. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 39, Mosler discloses a system by which an entity manages a portfolio of exposures to an economic risk associated with a commodity, comprising:

a transaction manager, said transaction manager executing at least one transaction between an institution and said entity, said at least one transaction forming a model portfolio representing cash flows (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65) a hedging module for executing at least one hedging transaction, said at least one hedging transaction forming a hedging portfolio representing cash flows; a tracking portfolio generator, said tracking portfolio generator receiving said model portfolio and said hedging portfolio and combining said cash flows of said model portfolio and said hedging portfolio (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

Mosler payout manager, said payout manager providing a payout based on said combined cash flows.

However Frankel discloses these and other objectives of the invention are met by providing a system for creating and managing securities that evaluates the cash flows of underlying securities collateralized by mortgage obligations (the "collateral") that are to be restructured into new securities. The underlying securities to be restructured can be either mortgage securities that qualify as collateral for a CMO/REMIC or securities that were issued by an existing CMO/REMIC. The system determines the cash flows based on the Original Term of the underlying securities, as well as the Remaining Term and Loan Age, Gross Coupon, Net Coupon, Settlement Date, Issue Date, Payment Dates, Present Value, and various other mortgage loan characteristics. (see column 3 lines 41-53).

Therefore it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Mosler to include payout manager,

Art Unit: 3628

said payout manager providing a payout based on said combined cash flows taught by Frankel in order to manage securities that are collateralized by mortgage obligations.

As per claim 40, Mosler discloses wherein said at least one transaction is an actual transaction. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 41, Mosler discloses wherein said at least one transaction is a proxy transaction.

As per claim 42, Mosler discloses wherein a benchmark is received from said entity, said benchmark representing cash flows and wherein said payout is based on a difference between said combined cash flows and said benchmark cash flows. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 43, Mosler discloses wherein said payout is a payment to said entity if said combined cash flows is less than said benchmark cash flows and said payout is a payment from said entity if said combined cash flows is greater than said benchmark cash flows. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 44, Mosler discloses wherein said payment is a percentage of said difference between said combined cash flows and said benchmark cash flows.

As per claim 45, Mosler discloses wherein said payment is provided if said difference between said combined cash flows and said benchmark cash flows is within a band. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 46, Mosler discloses wherein said payment is provided if said difference between said combined cash flows and said benchmark cash flows is outside a band. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 47, Mosler discloses wherein said model portfolio is periodically updated. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

Art Unit: 3628

As per claim 48, Mosler discloses wherein said hedging portfolio is periodically updated. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 49, Mosler discloses wherein said cash flows of said model and said hedge are combined daily. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 50, Mosler discloses further comprising a cash flow manager for exchanging said combined cash flows between said entity and said institution. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 51, Mosler discloses wherein said positive combined cash flows is paid to said entity and said negative combined cash flows is received from said entity. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 52, Mosler discloses wherein said institution retains any loss of cash flows resulting from a default. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 53, Mosler discloses said institution retains at least a portion of any pooling profits.

As per claim 54, Mosler discloses wherein said commodity is electricity. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

As per claim 55, Mosler discloses wherein said commodity is selected from the group including natural gas, copper, zinc, interest rates, oil products, bandwidth and foreign exchange. (see column 7 lines 23-51 and column 8 lines 59-65 and column 11 lines 18-31 and column 14 lines 5-21, lines 64-67 and column 15 lines 1-34, 58-65).

Conclusion

Art Unit: 3628

3. The prior art of record and not relied upon is considered pertinent to Applicants disclosure.

Liddy Eder (US Patent 6, 026, 388) teaches user interface and other enhancements for natural language information retrieval system and method.

Kohorn US PATENT: 5, 508, 731) teaches generation of enlarged participatory broadcast audience.


4. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Clement B Graham whose telephone number is 703-305-1874. The examiner can normally be reached on 7am to 5pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung S. Sough can be reached on 703-308-0505. The fax phone numbers for the organization where this application or proceeding is assigned are 703-305-0040 for regular communications and 703-305-0040 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-305-3900.

CG

February 26, 2006


FRANTZY POINVIL
PRIMARY EXAMINER
Au 3628